

Meeting Summary  
October 9, 2009; 10 A.M.  
6<sup>th</sup> Floor Speaker's Conference Room, General Assembly Building  
Richmond, Virginia

**Members Present:** Delegate D. Marshall (chair), Senator Watkins, Delegate Hull, Joseph Face, Jeff Smith, Jay Spruill, Alexander Macaulay, James Kinion, Travis Hill, Nick Kyrus, Fred Bryant (for Judson McKellar).

**Staff Present:** Elizabeth Palen and Diana Pharo

**1. Welcome and Call to Order-Delegate Marshall (chair)**

- Meeting was called to order by Delegate Marshall at 10:00 A.M.
- Introductions.

**2. State Corporation Commission- Joseph Face, Commissioner, Bureau of Financial Institutions**

- Summarized HB 2031, which was enacted by the Virginia General Assembly on March 27, 2009.
  - HB 2031 requires minimum compliance with the federal SAFE Act, in order to prevent HUD from taking over the licensing and registration of mortgage loan originators (MLO).
  - To minimally comply, MLOs must be licensed by the BFI and registered in the Nationwide Mortgage Licensing System (NMLS) by July 1, 2010.
  - This past March, the BFI began transitioning onto the NMLS for registration and state licensing of MLOs.
  - On August 4, BFI went live on the NMLS, and the NMLS began accepting registrations from Virginia MLOs.
  - Once registered on the system, the MLOs receive unique identifiers.
- 33 states are currently using NMLS, including Virginia, and another 22 are in the process of transitioning onto the system.
- HB 2031 requires only MLOs to obtain registration and state licensing on the NMLS, not mortgage companies.
  - Most states require both MLOs and mortgage companies to register.
- Fannie Mae and Freddie Mac refuse to purchase loans from mortgage companies unless these companies have a unique identifier.
- **Delegate Marshall—*How many unique identifiers are there?***
  - Don't know; 7,000 is an educated guess.
- Each mortgage company can now employ only three MLOs not five.
- This is an efficiency issue; system would be more efficient if Virginia also required mortgage companies to register.
  - Mortgage companies may find it difficult to manage their MLOs without being on the system.

**3. Travis Hill, Virginia Housing Development Authority**

- Agrees FHFA needs to register mortgages companies.
- Fannie Mae and Freddie Mac basically stated that these companies need unique identifiers if they want to conduct business.

**4. Alexander MacCaulay, Citi Group**

- Discussion regarding registry fees.
- *Can fees be instituted without statutory authority?*
  - Fees must be authorized by the General Assembly.

**5. Follow-up Remarks, Joseph Face**

- Nationwide trend is that states are enacting legislation.
- Virginia, Colorado, and Minnesota will be the only states left that do not require both MLOs and mortgage companies to register.
- **Delegate Hull**—*Mortgage lending is an interstate activity. Virginia must adopt the same procedures as others or else Virginia businesses will be affected because people won't be able to get mortgages; bad for Virginia consumers.*
- Debate ensued regarding whether something should be drafted legislatively or whether the SCC could promulgate something regulatorily.

**6. Closing Request, Delegate Marshall**

- Requests that DLS, SCC, and interested stakeholders draft legislation to present at next meeting, Friday, October 23, 2009 at 10 A.M.

**7. The meeting was adjourned at 11:45 A.M.**